

November 19, 2015

Robert Kaplan  
Deputy Regional Administrator  
U.S. Environmental Protection Agency  
77 W. Jackson Boulevard (C-14J)  
Chicago, Illinois 60604

Dear Mr. Kaplan:

Thank you for the opportunity to meet with you, George Czerniak and USEPA's staff at your offices on October 28, 2015 ("Meeting"). Veolia's discussion with USEPA during the Meeting provided the foundation for this proposal. Veolia believes its presentation, as revised, captures those issues that were agreed upon and attempts to address USEPA's remaining concerns.

Veolia believes we are essentially in agreement on three of the four basic points addressed during the Meeting:

1. The parties are in conceptual agreement on the need for an enhanced Feedstream Analysis Plan ("FAP"). The parties' technical groups will continue to work together on outstanding issues including possible new additions;
2. Veolia agrees to install carbon injection on Veolia incineration units 2 and 3 as detailed in its September 22, 2015 correspondence; and
3. USEPA agrees that it is not necessary for Veolia to install high-efficiency particulate arrestance ("HEPA") filters in Veolia's incinerators.

The remaining issue relates to the installation and use of mercury Continuous Emission Monitor Systems ("CEMS") on Veolia's incinerators. During the parties' discussion of the CEMS, USEPA stated that it lacked confidence that Veolia's FAP accurately demonstrated compliance for emissions from Veolia's incinerators. In response to USEPA's concerns and in recognition that all other commercial hazardous waste incinerators utilize FAPs and are not required to install mercury CEMS, Veolia reiterated its long-standing offer to be treated like all other incinerators—that is, Veolia offered to adopt the currently approved FAP for *any other* commercial hazardous waste incinerator in Region 5 and avoid the financial burden and resulting competitive disadvantage of installing a mercury CEMS. Veolia's offer has not been accepted.

Rather, Region 5 proposed installing *three* mercury CEMS simultaneously—one on each of Veolia's incinerators—for a period of at least one year and beginning prior to Veolia's comprehensive performance testing ("CPT"), which is to be conducted in 2018. USEPA suggested it intends to use the data developed by the CEMS and by the CPT to calibrate the FAP. If USEPA obtains sufficient confidence in the FAP as a result of the data collection and calibration efforts, the CEMS will be removed.

During the Meeting, Veolia expressed doubts that the cost of purchasing the CEMS technology was justified given Veolia's minor mercury emissions, which are extremely small as compared to other mercury emissions sources in the St. Louis area. See Exhibit A attached hereto. Moreover, Veolia already operates at a level where it emits less than 50% of the mercury limit established by the Hazardous Waste Combustor MACT. Veolia has never failed a CPT and continues to exhibit outstanding environmental compliance performance. Further, the accuracy of the mercury CEMS technology is untested in a commercial hazardous waste incinerator. In fact, mercury calibration gas traceability protocols and procedures have not even been finalized by USEPA for this technology. Although

regulators have made unsubstantiated claims against Veolia in the past, the Department of Justice and other governmental agencies charged with enforcing environmental laws and regulations have, at the regulators' request, investigated such claims and, apparently as a result of the findings of such investigations, declined to take any action. In short, Region 5 has no reasonable basis to require Veolia to use unproven technology such as the mercury CEMS when Veolia has verified and proven compliance through the required means (i.e., Operating Parameter Limits and FAP). Rather, Region 5 is requiring Veolia install a mercury CEMS simply because Veolia finds itself in the unique position, through no fault of its own, of being the only hazardous waste incinerator in the country directly permitted by USEPA rather than an authorized state.

Nevertheless, Veolia is determined to work with and develop a positive relationship with Region 5. Therefore, Veolia proposes for a period of one year prior to Veolia's next CPT ("One-Year Period"), Veolia will make a reasonable attempt to retain various waste types over a nine-month period that represents the broad spectrum of waste received. Additionally, USEPA can utilize the Generator and EPA Form and Source Codes to select a broad spectrum of waste received at Veolia and direct Veolia to retain reasonable quantities of such waste ("Retained Waste"). Veolia will destroy the Retained Waste in the final three months of the One Year Period ("Destruction Period") to the extent reasonably possible.

During the Destruction Period, USEPA can continue to use the Generator and EPA Form and Source Codes to add waste received by Veolia to the Retained Waste for destruction during the remainder of the Destruction Period. USEPA will select one of Veolia's incinerators to destroy the Retained Waste during the Destruction Period. This incinerator will have a mercury CEMS installed during the Destruction Period.

While the parties will still need to negotiate the manner in which the mercury CEMS data will be compiled, interpreted and used, Veolia believes its basic proposal addresses Region 5's concerns as expressed at the Meeting in a timely and cost efficient manner. Veolia's proposal:

1. Assures USEPA is in control of the type of waste burned during the Destruction Period, so as to assure that the burned waste encompasses the spectrum of waste received by Veolia during a one year period of operation;
2. Assures USEPA that the waste USEPA selects will be burned in an incinerator monitored by the CEMS technology; and
3. Assures USEPA that the waste USEPA selects will be burned consistent with Veolia's FAP.

Likewise, Veolia's proposal addresses Veolia's concerns because the proposal requires lessor capital expenditures and will not require hiring and training additional, full-time employees on a permanent basis. Rather, Veolia expects to retain a contractor with sufficient expertise to operate the CEMS technology for the proposed three-month duration. Of course, any waste identified by USEPA will be retained and incinerated consistent with Veolia's current permits, including its existing RCRA permit.

While Veolia continues to believe it could successfully appeal a Title V permit that contains a mercury CEMS requirement, Veolia recognizes that such an appeal would be a lengthy and resource intensive endeavor for all parties involved. In light of this reality, Veolia would rather work with USEPA to establish a partnership based upon verifiability and trust, than engage in protracted and costly litigation.

### *Conclusion*

Veolia requests that the issuance of the renewed Title V permit with the provisions discussed above bring a close to any and all existing issues between Veolia and the USEPA. It is Veolia's desire to partner with USEPA to develop and advance technology while remaining a highly-valued member of our community.



---

To be clear, Veolia will provide comments on any draft permit but will not appeal the final permit if the final permit decision embraces Veolia's proposal as set forth herein.

In sum, Veolia appreciates USEPA's willingness to work with Veolia towards a successful resolution of this matter and hopes that the points set forth above are acceptable to the Agency. Veolia is available to further discuss and/or meet on these issues at USEPA's convenience.

Please contact me with any questions.

Sincerely,

  
Doug Harris  
General Manager

Enclosures

cc: George Czerniak

*Veolia Is a Small Source of Mercury Emissions In the St. Louis Area*

Region 5's primary concern since this process began has been Veolia's mercury emissions. However, Veolia's yearly mercury emissions are magnitudes lower than other major sources of mercury emissions in the St. Louis area. As the table below shows, Veolia's estimated Toxic Release Inventory ("TRI") emissions for reporting year 2013 were a mere 3.1 pounds of mercury.

<b>Facility</b>	<b>State</b>	<b>TRI Mercury Emissions for 2013 Reporting Year*</b>	<b>Method of Calculation</b>	<b>Approx. Distance &amp; Direction from Veolia's Sauget Facility</b>
Labadie Power Station	MO	823.2 lbs/yr	published emission factor	36.6 miles west
Rush Island Power Station	MO	402.5 lbs/yr	published emission factor	32.6 miles south
US Steel - Granite City	IL	223.41 lbs/yr	published emission factor	7.5 miles north
Sioux Power Plant	MO	194.9 lbs/yr	published emission factor	19.3 miles southwest
Baldwin Power Station	IL	82.7 lbs/yr	site-specific emission factor	32.6 miles southeast
Meramec Power Plant	MO	68.7 lbs/yr	published emissions factor	15.9 miles southwest
Mississippi Lime Concrete Plant	MO	54.16 lbs/yr	published emissions factor	45.0 miles south
Wood River Power Station	IL	41.3 lbs/yr	site-specific emission factor	18.4 miles north
Prairie State Energy Campus	IL	40.0 lbs/yr	site-specific emission factor	35.9 miles southeast
Wood River Refinery	IL	20.0 lbs/yr	published emissions factor	17.7 miles north
Veolia Incinerator	IL	3.1 lbs/yr	site-specific emissions monitoring	0 miles

\*Values are from each facility's 2013 reporting year Form R, at [www.epa.gov/enivro/facts/triform\\_r\\_search.html](http://www.epa.gov/enivro/facts/triform_r_search.html).

This pales in comparison to the hundreds of pounds of mercury emitted by sources within a 45 mile radius of the Veolia facility. Specifically, Veolia is literally surrounded by coal-fired utilities that emit hundreds of pounds of mercury on a yearly basis. To the west, the Labadie power station emits a whopping 823 pounds of mercury a year. To the south, Rush Island power station emits over 400 pounds. To the southeast, Baldwin power station and Prairie State Energy (which are only 11 miles apart) combine to emit over a 100 pounds of mercury per year, and, just 7.5 miles to the north of the Veolia facility, US Steel in Granite City releases over 220 pounds of mercury into the atmosphere per year. In relative terms, Veolia's mercury emissions are only a tiny portion of the total mercury emissions of the greater St. Louis area.